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ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1963

Gulf Lead Mines Limited

Gulf Lead Mines Limited

OFFICERS	EARL A. GLICK	President
	WILLIAM COLDOFF	Vice-President
	G. D. PATTISON	Secretary
	KENNETH COAD	Treasurer
	R. D. BELL	Assistant Secretary-Treasurer
DIRECTORS	H. D. BAKER	Toronto, Ontario
	KENNETH COAD	Toronto, Ontario
	WILLIAM COLDOFF	Toronto, Ontario
	EARL A. GLICK	Toronto, Ontario
	THOMAS J. McKENNA	Montreal, Quebec
AUDITORS	EDDIS & ASSOCIATES	Toronto, Ontario
TRANSFER AGENTS AND REGISTRAR	CROWN TRUST COMPANY	Toronto, Ontario
SOLICITORS	MANLEY, GRANT AND ARMSTRONG	Toronto, Ontario
HEAD OFFICE	360 BAY STREET	Toronto, Ontario
EXECUTIVE OFFICE	SUITE 405, 25 ADELAIDE STREET WEST	Toronto, Ontario

Gulf Lead Mines Limited

SUITE 405 - 25 ADELAIDE STREET WEST
TORONTO, ONTARIO

Directors' Report

To the Shareholders,
GULF LEAD MINES LIMITED.

Submitted herewith is the financial statement of your Company for the year ended December 31, 1963, with Auditors' Report thereon dated February 11, 1964.

During the year 1963 your Company carried out a program of surface prospecting and exploration on its group of 25 mining claims in Blondeau Township, Northwestern Quebec. The results of this work were negative and on the recommendation of its mining consultants, this group of claims has been abandoned.

Certain of the Company's claims in the Fort McKenzie area of New Quebec, North of the Town of Schefferville are held in good standing but no further exploration work on these claims is planned at the present time.

Recently your Company acquired a group of 6 mining claims comprising 600 acres in Dollard Township, County of Abitibi, Quebec. These claims are located about three miles east of the property of Transterre Explorations Limited and are within the same geological formation as the Transterre property. Concurrent with this acquisition, your Company entered into an underwriting and option agreement wherein 400,000 shares of the Company's capital stock were sold to the underwriters for an aggregate consideration of $50,000.00 and wherein the Company has granted options covering an additional 600,000 shares at prices ranging from 17½¢ to 27½¢ per share. It has been recommended that a magnetometer survey and an electro magnetic survey be carried out on this property to be followed by a program of diamond drilling as may be warranted by the results of the geophysical program. The Company has ample funds to carry out this initial program which is now in progress.

Submitted on behalf of the Board,

EARL A. GLICK,
President.

Toronto, Ontario,
February 24, 1964.

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Assets

CURRENT

Cash on Deposit	$ 12,882.72	
Government of Canada Bonds, at Cost (Quoted Market Value $955.00)	1,050.00	$ 13,932.72
Shares in Other Mining Companies, at Nominal Value		1.00
Mining Claims in the Province of Quebec, held under Development Licenses, at Cost		14,000.00
Exploration and Development, including Head Office and Administrative Expenses		902,210.43
		$930,144.15

Audit

To the Shareholders,
GULF LEAD MINES LIMITED:

We have examined the Balance Sheet of Gul
Statement of Exploration and Development, includi
of Deficit, for the year ended on that date. Our
procedures and such tests of accounting records an
the circumstances.

We report that, in our opinion, the attached
and Development, and Deficit, present fairly the fi
and the results of its operations for the year en
accounting principles applied on a basis consistent

Toronto, Canada,
February 11, 1964.

nes Limited

Sheet

ER 31, 1963

Liabilities

CURRENT		
Accounts Payable and Accrued Charges		$ 75.00
CAPITAL STOCK		
Authorized:		
5,000,000 Shares of $1.00 Par Value Each	$ 5,000,000.00	
Issued and Fully Paid:		
3,231,370 Shares	$ 3,231,370.00	
Less: Discount	2,162,650.85	
	1,068,719.15	
Less: Deficit Account — Cost of Mining Properties abandoned	138,650.00	930,069.15
		$930,144.15

The accompanying Notes are an integral part of this Balance Sheet and should be read in conjunction therewith.

Approved on behalf of the Board,

"EARL A. GLICK"
Director

"K. M. COAD"
Director

Auditors' Report dated February 11, 1964, is attached hereto.

Report

Mines Limited as at December 31, 1963, and the
l Office and Administrative Expenses, and Statement
ation included a general review of the accounting
supporting evidence as we considered necessary in

Sheet and accompanying Statements of Exploration
position of the Company as at December 31, 1963,
that date, in accordance with generally accepted
t of the preceding year.

EDDIS & ASSOCIATES,
Chartered Accountants.

Gulf Lead Mines Limited

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1963

1. By Agreement dated January 22, 1964, the Company purchased 6 mining claims in the Township of Dollard, Quebec, for 100,000 shares of Capital Stock and $6,000.00 cash.

2. Under the terms of an Underwriting and Option Agreement dated January 28, 1964, the Underwriters agreed to purchase 400,000 shares of Capital Stock at 12½¢ per share, payable upon acceptance by the Toronto Stock Exchange of a filing statement (the "effective date" of the Agreement.)

 By the same Agreement the Company granted to the Underwriters options on an additional 600,000 shares of Capital Stock as follows:

 200,000 shares at 17½¢ within 3 months after effective date.
 200,000 shares at 22½¢ within 6 months after effective date.
 200,000 shares at 27½¢ within 9 months after effective date.

 On February 4, 1964, the Underwriters took down 400,000 shares of Capital Stock and paid $50,000.00 cash therefor in accordance with the above-mentioned Agreement.

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1963

Balance, January 1, 1963	$130,237.51
Add:	
Mining Properties Written-off	8,412.49
Balance, December 31, 1963	$138,650.00

Gulf Lead Mines Limited

STATEMENT OF EXPLORATION AND DEVELOPMENT

INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1963

(with comparative figures for the year ended December 31, 1962)

		1962
Balance at Beginning of Year	$899,603.13	$873,453.18
EXPLORATION AND DEVELOPMENT		
Fort McKenzie, Quebec:		
Consulting and Engineering Fees		5,279.64
Wages		4,263.23
Supplies		4,494.20
Transportation		5,040.16
Surveys		805.53
Government Fees and Taxes	84.14	877.08
Workmen's Compensation	(471.49)	720.00
Rentals		475.00
Assays and Maps	13.00	50.65
Sundry	30.70	351.48
Unemployment Insurance		46.68
	(343.65)	22,403.65
Blondeau Township, Quebec:		
Consulting and Engineering Fees	350.00	300.00
Government Fees and Taxes	600.00	50.00
Transportation	115.77	78.66
Supplies	75.00	
Wages	343.06	
	1,483.83	428.66
Sundry	200.00	—
HEAD OFFICE AND ADMINISTRATIVE		
Annual Report	397.09	492.47
Filing Fees, Returns and Taxes	106.67	140.00
Head Office Rent and Secretarial Services	2,450.00	2,450.00
Legal and Audit	100.00	375.00
Postage, Printing and Stationery	35.40	81.73
Transfer Agents' Fees and Expenses	494.22	503.20
Directors' Fees	150.00	550.00
Sundry	11.86	12.00
	3,745.24	4,604.40
Less: Interest Income	565.63	1,286.76
	3,179.61	3,317.64
	904,122.92	899,603.13
Less: Expenditures on Abandoned Properties Written-off to Deficit	1,912.49	—
Balance at End of Year	$902,210.43	$899,603.13

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Gulf Lead Mines Limited

SUITE 509 - 25 ADELAIDE STREET WEST
TORONTO 1, ONTARIO

To the Shareholders:

Since the last Report to Shareholders dated February 24, 1964, your Company has acquired two groups of mining claims in the Porcupine Mining Division of Ontario near Timmins. In Wark Township the Company holds four contiguous unpatented claims located about four miles east of the Texas Gulf Sulphur discovery in Kidd Township, and in Murphy Township the Company holds four contiguous unpatented mining claims located about seven and a half miles southeast of the Texas Gulf Sulphur discovery.

Recently your Company has entered into an agreement with Shattuck Denn Mining Corporation whereunder Shattuck Denn has agreed to provide funds as required to develop the Company's claims in the Timmins area, and has the first right of refusal to finance to production and operate the properties in the event that commercial production is warranted. For providing the funds required to develop the Company's claims, Shattuck Denn shall earn up to a maximum 50% interest in the claims or a lesser interest dependent on the amount of funds so expended.

Shattuck Denn is an established, aggressive American organization and its shares are listed on the American Stock Exchange. It has been active, including predecessor companies, since 1904 and has paid nearly $13.5 millions in dividends. Its current main producer is the Iron King Mine, a gold-silver-lead-copper-zinc development whose 1963 production was valued in excess of $6 millions. Its major subsidiary is Richmond Screw Anchor Company, the largest manufacturer of tying devices for the concrete industry in North America. Last year, in an important expansion move, Shattuck Denn acquired a one-third interest in a tin and tantalite mine in South America with El Paso Natural Gas and Standard Beryillium as partners. It also broadened its domestic mining interests by acquiring operating control of Chief Consolidated Mining Corporation, Utah, a fifty-five year old company.

Initial exploration work on your Company's properties in Wark and Murphy Townships is well advanced. Line cutting has been completed on both properties. A geophysical survey on the Wark Township claims disclosed conductive zones and drilling has been recommended. Geophysical work on the Murphy Township property has just been completed.

Recently the Company entered into new financing arrangements whereunder 200,000 treasury shares of its capital stock have been sold at the price of 27½¢ per share and options have been granted, subject to the Company obtaining Supplementary Letters Patent, on a further 800,000 shares at prices ranging from 32½¢ to 47½¢ per share which, if fully exercised, will return to the Company $320,000.00.

It is planned to make application for Supplementary Letters Patent increasing the authorized capital of the Company from 5,000,000 shares of $1.00 par value each to 7,500,000 shares of $1.00 par value each, and accompanying this report is Notice of a Special General Meeting of Shareholders which is being called to consider such an increase in capital. Your support in this matter is respectfully requested.

On Behalf of the Board,

EARL A. GLICK,
President

Toronto, Ontario,
June 24, 1964.